
DEBT SERVICE FUND

Debt Service Fund

Mission Statement

**To optimize City resources in
obtaining funds for City projects.**

Debt Service Fund

This fund accounts for the principal and interest payments on the City's \$5 million General Obligation Bonds Series 1997 issued to purchase the golf course. These bonds are being paid through an ad-valorem tax assessment approved by City voters.

Goals

To finance projects utilizing the most cost effective methods, while minimizing the restrictions that would hinder the future borrowing capacity of the City.

Objectives

To account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds, and to maintain the highest possible bond ratings for the marketability of the City's debt.

2004-05 Accomplishments

All bond payments were timely paid and the City is in compliance with the Bond Indenture Covenants.

DEBT SERVICE FUNDS
\$5,000,000 General Obligation Bonds
Series 1997

The Series 1997 Bonds were issued to provide a funding mechanism to: (1) finance the costs for the acquisition of the Miami Springs Golf and Country Club facility located within the municipal limits of the City from the City of Miami, Florida; (2) fund the necessary improvements required to update, improve and enhance the facility; (3) capitalize the first round of interest on the Series 1997 bonds; and (4) provide sufficient cash and working capital to pay certain costs and expenses related to the issuance of the Series 1997 Bonds as defined in the Bond Resolution.

The overall project set forth criteria identified and authorized by the City Council. These tasks included the acquisition of the golf course facility and renovation of the club house and grounds. The renovation projects include the rehabilitation of the holes with expanded landscaping. Also, the rehabilitation includes modernizing the clubhouse and adjacent facilities. Additionally, the project defined the renovation of the parking facilities, driveways, and common areas adjacent to the course including comprehensive lighting installations and/or replacement efforts, signage, and resurfacing of all right-of-ways.

The City closed on the purchase of the properties in October 1998. The initial deposit of \$300,000 was held in escrow and in October 1997, the property was purchased for the sum of \$3,000,000 from the City of Miami, Florida. During FY 1997-98, renovation projects were fully underway including landscape improvements, sidewalk and easement installations, parking facility and sign programs and other enhancements to the course.

Additional modifications to the facility include the "swapping" of the front and back "9", expansion to the kitchen and related facilities, comprehensive renovation to the clubhouse and banquet facilities, purchase of new furniture, fixtures and equipment.

Standard and Poor's upgraded the City's credit rating from BBB+ with a negative outlook to BBB+ with a stable outlook in December 2004. This improved rating was based upon the audited financial report which projected an increase in the unreserved general fund balance as of 9/30/03.

Debt service costs on this issue for FY 2004/2005 includes \$186,860 for interest payable in two equal installments of 93,430 each on February 1 and August 1, 2004, and \$210,000 applied to the principal and scheduled for disbursement on February 1, 2006. Revenues to fund these expenditures are provided by subordinated, voter approved ad valorem levies of 0.4415 mills.

City of Miami Springs, Florida
\$5,000,000 General Obligation Bonds, Series 1997

SOURCES OF FUNDS

Series 1997 Bond Proceeds	\$ 5,000,000.00
Less: Original Issue Discount	(4,388.00)
Plus: Estimated Interest Earnings	99,457.00
<i>Total Sources of Funds</i>	<u>5,095,069.00</u>

USES OF FUNDS

Acquisition of Golf Course	\$ 3,135,000.00
Deposits to escrow fund (SLGS)	1,600,000.00
Cost of capital improvements	117,061.00
Cost of issuance	199,258.00
Underwriters discount	43,750.00
<i>Total Uses of Funds</i>	<u>5,095,069.00</u>

The Charter of the City of Miami Springs imposes no bonded debt limit.

DEBT SERVICE DISBURSEMENT SCHEDULE BY YEAR

Year End 9/30/xx	Principal	Interest	Total Debt Service Costs
1998	-	\$ 224,351.88	\$ 224,351.88
1999	155,000.00	241,647.50	396,647.50
2000	160,000.00	235,267.50	395,267.50
2001	165,000.00	228,522.50	393,522.50
2002	175,000.00	221,295.00	396,295.00
2003	185,000.00	213,462.50	398,462.50
2004	190,000.00	205,117.50	395,117.50
2005	200,000.00	196,292.50	396,292.50
2006	210,000.00	186,860.00	396,860.00
2007	220,000.00	176,807.50	396,807.50
2008	230,000.00	166,175.00	396,175.00
2009	245,000.00	154,771.25	399,771.25
2010	255,000.00	142,518.75	397,518.75
2011	270,000.00	129,457.50	399,457.50
2012	285,000.00	115,511.25	400,511.25
2013	300,000.00	100,665.00	400,665.00
2014	315,000.00	84,667.50	399,667.50
2015	330,000.00	67,575.00	397,575.00
2016	350,000.00	49,555.00	399,555.00
2017	370,000.00	30,475.00	400,475.00
2018	390,000.00	10,335.00	400,335.00
Total	\$ 5,000,000.00	\$ 3,181,330.63	\$ 8,181,330.63

DEBT SERVICE FUNDS
\$11,435,000 Utilities System Revenue
Refunding and Improvement Bonds, Series 1998

Note: The Charter of the City of Miami Springs imposes no bonded debt limit on revenue bonds.

The 1998 Revenue Refunding and Improvement Bonds were sold in March 1998, to provide for a series of projects. The bonds were sold to finance the cost of acquiring, constructing, renovating, installing and equipping additions and improvements to the collection and transmission facilities of the Miami Springs Waste water (sewer) system. The additions and improvements include repair and rehabilitation to the sewer lines to mitigate storm water and groundwater infiltration and inflow into the System; improve the force main manifold system such as the introduction of new force mains, modernization efforts of the pump stations and related upgrades, performance enhancement efforts to ensure the reliability of the transmission of effluent to the County along with refinancing the approximately \$7,200,000 outstanding from the Series 1994 bonds.

The system had demonstrated continued deterioration. Aged over 25 years, the system required significant and material renovation efforts to ensure the reliability and safety of the system. After months of negotiations fell through related to the potential sale or transfer of the system to other governmental agencies, the City Council directed the administration to proceed with the sale of these bonds.

Subsequent to extensive study and research with the City's external engineers, Post Buckley Schuh & Jernigan, a report was prepared identifying 99 specific locations in the system for immediate repair. These repairs were listed in order of highest need. The projected costs to repair these areas amounted to just over \$4,200,000. While these repairs will not generate "savings", they will reduce costs. Accordingly, the engineers calculated costs required to repair these problems (bringing the system to approximately 70% of acceptable levels of loss). Correspondingly, these repairs will reduce the loss and, in the same light, reflect lower fees paid to the County for disposal costs.

Debt service costs on this issue for FY 2005-2006 includes \$440,050 for interest payable in two equal installments of \$220,025 each on March 1 and September 1, 2005, and \$395,000 applied to the principal and scheduled for disbursement on September 1, 2006. All other operating costs related to day-to-day functions including personnel, operations, non-project capital, administrative and depreciation charges of the waste water (sewer) system are identified in the Sewer Operations Enterprise Fund and fully funded by projected user fees.

City of Miami Springs, Florida
\$11,435,000 Utility System Revenue Refunding Bond, Series 1998

SOURCES OF FUNDS

Series 1998 Bond Proceeds	\$ 11,435,000.00
Less: Original Issue Discount	(146,112.00)
Plus: Estimated Interest Earnings	169,629.00
Transfer from Reserve Fund for Prior bonds	844,590.00
<i>Total Sources of Funds</i>	<u>12,303,107.00</u>

USES OF FUNDS

Deposits to escrow fund (SLGS)	\$ 7,506,914.00
Cost of capital improvements	4,370,000.00
Cost of issuance	279,825.00
Underwriters discount	146,368.00
<i>Total Uses of Funds</i>	<u>12,303,107.00</u>

The Charter of the City of Miami Springs imposes no bonded debt limit.

DEBT SERVICE DISBURSEMENT SCHEDULE BY YEAR

Year End 9/30/xx	Principal	Interest	Total Debt Service Costs
1998	-	\$ 178,895.83	\$ 178,895.83
1999	295,000.00	536,687.50	831,687.50
2000	310,000.00	525,625.00	835,625.00
2001	320,000.00	513,225.00	833,225.00
2002	335,000.00	500,265.00	835,265.00
2003	350,000.00	486,362.50	836,362.50
2004	360,000.00	471,662.50	831,662.50
2005	375,000.00	456,362.50	831,362.50
2006	395,000.00	440,050.00	835,050.00
2007	410,000.00	422,670.00	832,670.00
2008	430,000.00	404,425.00	834,425.00
2009	450,000.00	385,075.00	835,075.00
2010	470,000.00	364,825.00	834,825.00
2011	490,000.00	343,440.00	833,440.00
2012	515,000.00	320,410.00	835,410.00
2013	540,000.00	295,690.00	835,690.00
2014	565,000.00	269,500.00	834,500.00
2015	595,000.00	241,250.00	836,250.00
2016	620,000.00	211,500.00	831,500.00
2017	655,000.00	180,500.00	835,500.00
2018	685,000.00	147,750.00	832,750.00
2019	720,000.00	113,500.00	833,500.00
2020	755,000.00	77,500.00	832,500.00
2021	795,000.00	39,750.00	834,750.00
Total	\$ 11,435,000.00	\$ 7,926,920.83	\$ 19,361,920.83

LEGAL DEBT MARGIN

The necessity to incur debt in order to finance the capital program carries with it the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the City's capacity to incur and repay additional debt bear careful examination.

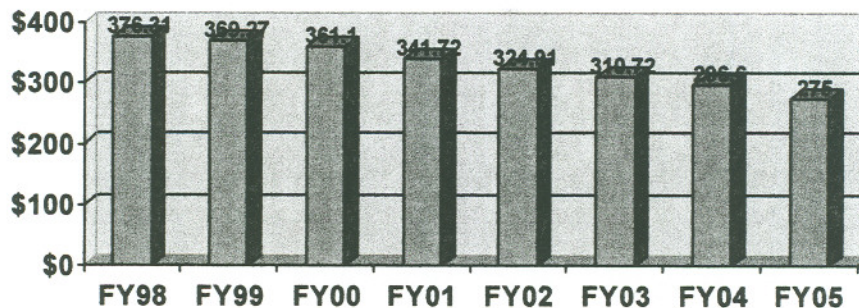
City Charter section 1.04(4) states that the City shall not issue ad valorem bonds the outstanding total amount of which shall obligate the City in excess of 15% of the assessed valuation of the real property within the City. The 1997 General Obligation Bonds Series 1997 are the only ad-valorem bonds issued by the City.

The City's bonded debt margin for FY 2005-06 is as follows:

Assessed valuation 2005 roll		\$ 914,278,468
Bonded debt limit- 15% of assessed value		\$ 137,141,770
Total ad valorem debt- General Obligation Bonds	\$ 3,770,000	
Amount of debt applicable		\$ 3,770,000
Debt Margin Available		\$ 133,371,770

The data below are based on the \$5 million General Obligation Bonds Series 1997:

BONDED DEBT PER CAPITA
G.O. BONDS



**CITY OF MIAMI SPRINGS
DEBT SERVICE FUND**

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Amended Budget	FY 2005-06 Budget	% of Total	% Change from 2004-05
OPERATING						
Principal	\$ 185,000	\$ 190,000	\$ 190,000	\$ 210,000	52.6%	10.5%
Interest	213,463	205,118	205,709	186,860	46.8%	-9.2%
Administrative charges	-	2,088	559	2,100	0.5%	100.0%
TOTAL EXPENSES	\$ 398,463	\$ 397,205	\$ 396,268	\$ 398,960	100.0%	0.7%

DEBT SERVICE FUND PERFORMANCE MEASURES

Indicator	2005-2006 Goal*
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Outputs

Number of Payments	4
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Efficiency

% of payments made in accordance with bond indentures	100%
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* This is the first year of implementation of performance measures, prior year actuals not available.